

Fox News  
May 3, 2005

## **Free Trade Agreement Would Benefit Central America**

By Stephen Johnson

In one day back in March, police from Los Angeles to Dallas to Baltimore arrested more than 100 suspected members of the notorious Salvadoran street gang known as Mara Salvatrucha.

Gang members were charged with a variety of crimes, from murder and kidnapping to stealing cars and trafficking in guns, weapons and prostitutes. Some even have been implicated in schemes to help al Qaeda operatives and other terrorists slip into the United States.

Few question that a strong law-enforcement effort is a crucial component of America's response to the growing problems posed by this and other gangs with roots in Central America. But what else might be done? How else might we go about increasing imports of desirable products from the region and reducing imports of crime and illegal drugs?

Congress will have an opportunity in coming weeks to strike a blow against gang and criminal activity and for freedom, prosperity and trade when it takes up the Dominican Republic-Central America Free Trade Agreement. Lawmakers should remember that our security depends not only on our prosperity but on that of our neighbors as well, and that economic growth helps bolster political stability and create jobs for workers who otherwise might migrate illegally to the United States.

They also should recall that struggles to establish democracies and market economies can cost lives and that locking in positive change can help these emerging countries avoid having to revisit these issues.

The agreement, modeled on those already in place with Canada and Mexico as well as with Morocco and Jordan, would reduce barriers to trade with the Dominican Republic as well as Honduras, Guatemala, Costa Rica, Nicaragua and, of course, El Salvador. It would cost the United States little because these countries already have duty-free access to our markets for most products, but it will reduce some barriers for them and substantial barriers for us.

Moreover, the agreement will open sectors of those economies to U.S. investment, which will help them overcome challenges from Asian countries whose economies benefit from subsidies and cut-rate or even slave labor.

The signatory countries' combined GDP of \$73 billion in 2003 gives them about one-thirtieth of the economic power of the United States. But these small countries have an importance that outstrips their physical or economic size. We trade more with these six countries than with Australia, Brazil, India, Russia and many European nations. They

combined for \$32 billion worth of trade with the United States in 2003, which would make this group our 13th largest trading partner and second only to Mexico among countries in Latin America.

So why wouldn't Americans endorse such an agreement? One recurring criticism of free trade, especially as embodied in such agreements, is that it discourages countries from pursuing better labor and environmental standards. But economic studies show that the single greatest cause of environmental degradation and low labor standards is poverty. Doubt this? Consider: Which countries in the world have the cleanest environments? The United States, Canada, Australia and countries in Western Europe and Japan. Which have the worst? Haiti, China and India. Today, 13 of the 15 most-polluted cities in the world are in developing Asia. Yet, lead emissions have dropped 95 percent in the United States in the past 20 years, and SO<sub>2</sub> and smoke levels in London today are below those of the 16th century.

Academic studies have found that the magic number seems to be \$5,000. Pollution rises with increased commerce -- but only until people in the country reach \$5,000 in per capita income. At that point, the populace becomes educated and wealthy enough to demand better treatment of the environment, and governments find the resources to pay for this.

The same increased moral awareness leads to better labor standards. Again, where is labor most exploited? China and developing Asia. Where is it least exploited? The United States, Canada, Western Europe and Japan. Thus, if we want to improve the environmental and labor standards of the other signatories, our goal should be to boost their economies until they achieve \$5,000 in per capita income. DR-CAFTA is the quickest, most effective way to do this.

The other signatories need to know that the United States understands their situations and cares about them. That the United States can offer a different course -- one designed to build true, long-lasting prosperity, to lock in freedom and make it immune from political upheaval--to offer the men who have made gangs the most notable export of the region hope for a better life, a higher-paying job and a brighter future.

And DR-CAFTA can help pave the way.

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